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# Chapter 6:

## The Procurement Process

This chapter presents an overview of the procedures followed by government in procuring goods and services. It also describes the documents that are typically maintained by government to record procurement transactions.

### 1. Introduction

According to the Organization for Economic Cooperation and Development (OECD), “procurement is the process of (1) identifying what is needed; (2) determining who is the best person or organization to supply this need; and (3) ensuring what is needed is delivered to the right place, at the right time, for the best price and that all this is done in a fair and open manner” (OECD, 2006). Procurements can be made by governments, private companies, or individuals. Typically they use detailed contracts when placing large and expensive orders.

Why should civil society focus on monitoring procurement?

Governments spend significant public resources on it. In fact, the OECD estimates that in non-OECD (i.e., developing) countries, procurement by all levels of government typically constitutes about 4.5 percent of the total gross domestic product (OECD, 2006). Each year, developing countries spend an astounding US \$820 billion on procurement-related transactions. These expenditures are critical to enabling governments to deliver goods and services to citizens, but they are also extremely vulnerable to corruption. Yet civil society organizations have rarely addressed the issue.<sup>10</sup>

## 2. The Procurement Process and Documents That Can Help Monitor Procurement

As shown in Chart 4, when a government agency needs to purchase goods or services for which it will incur a significant expenditure, the following stages are typically involved: (1) the pre-bidding process, (2) the bidding process, (3) issuance of a purchase order, (4) inspection of the goods or services procured, and (5) documentation of accounts payable. These stages are discussed below.<sup>11</sup>

### **Pre-bidding**

Some agencies centralize procurement within a department or division that is responsible specifically for managing the procurement process. In such cases, divisions within the agency that procure goods or services from an external entity must submit a purchase request form to the procurement department, which will then manage much of the subsequent process. This form allows the agency requiring goods or services to specify its requirements.

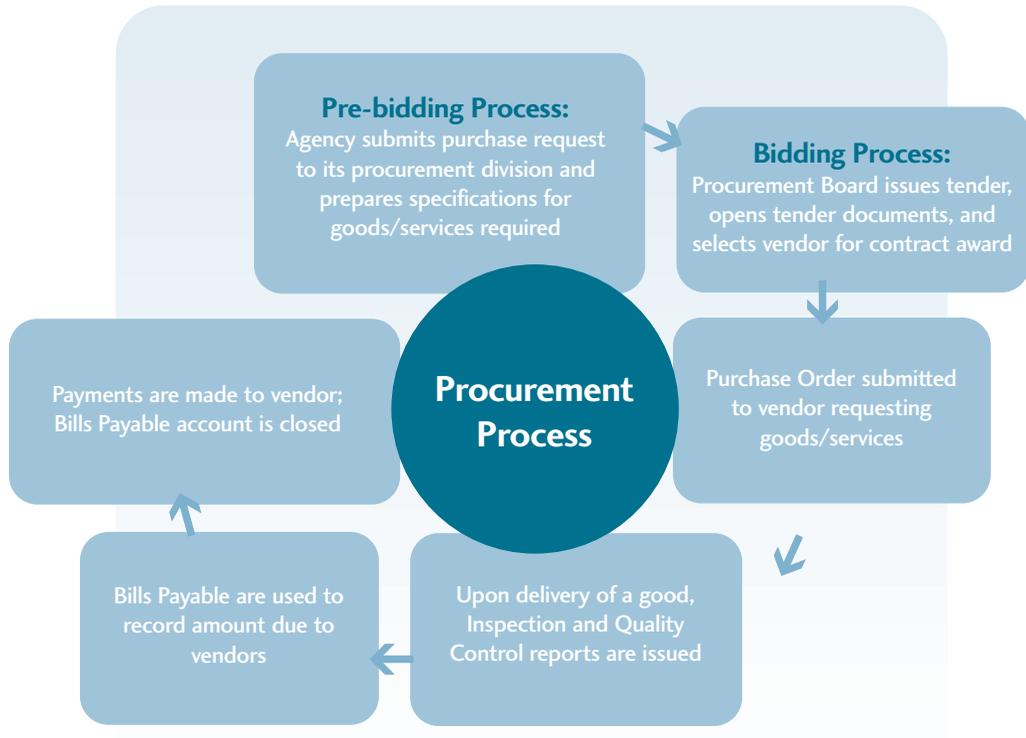
The purchase request may be directly followed by the issuance of a purchase order (discussed below) to a supplier regularly used by the agency. In some instances, however – particularly if a specialized good or service is sought or the price is likely to be above a specified amount – the agency may initiate a bidding process to select an appropriate supplier.

If a bidding process is initiated, government will prepare a specifications document setting forth the technical guidelines of the procurement process as well as the details and approximate cost of the good or service required. The rules may require government to initiate an open bidding process. Usually, such a process is managed by an independent tender board. However, because an open bidding process may be time-consuming and expensive, the procurement rules may not require the use of this method if the value of the good or service sought is below a certain threshold.

<sup>10</sup>Transparency International is one of the few international organizations to have systematically supported efforts to monitor and evaluate procurement practices around the world.

<sup>11</sup>This section draws from “Transparency and Accountability in Government Financial Management,” published by the United Nations Department of Economic and Social Affairs in 2000.

**Chart 4:** The Procurement Process



The process of preparing technical and price guidelines can be highly non-transparent and thus subject to abuse by agency officials. For example, in order to avoid going through the independent tendering process, a government agency may split a contract into two or more parts, thereby reducing the amount of each contract. Such contracts could then be easily awarded to contractors that are favored by corrupt officials.

Another potential abuse is government collusion with suppliers to develop specifications for a contract that favor a particular supplier. Officials may also time the release of the specification to benefit a particular supplier's work schedule.

### **Bidding**

Once the government has received bids for a procurement contract, the agency will typically open all the bid documents (which are required to be sealed before submission) at the same pre-set time and

begin evaluating them. While governments often select the vendor that offers the goods or services at the cheapest rate, price is not always the only factor. The agency should also consider factors such as the vendor's experience and reliability.

An agency may choose to invite bids only from pre-determined (typically called "short-listed" or "pre-qualified") vendors rather than inviting any interested entity to bid. This is called a closed bidding system. It is not necessarily corrupt, but it relies on an agency's discretionary powers, which can easily be abused – particularly if the list of firms deemed qualified to bid on a particular job is not regularly updated.

## **BOX 2: WORLD BANK CHARGED WITH MALPRACTICE IN CONSULTANCY CONTRACT IN INDIA**

*In 2005, Parivartan – a non-governmental organization based in India – charged the World Bank with irregularly promoting a private firm, Price Waterhouse Coopers (PWC), as the preferred consultant for a Delhi Water Board reform project for which the World Bank had approved a \$150 million loan to India.*

*PWC was one of 35 firms that applied for the \$2.5 million contract. Parivartan used the state's right to information law to obtain documents from the Delhi Water Board showing that the Board's contract evaluation committee initially ranked PWC tenth of the 35 bids. Letters from the World Bank to the Board, however, indicate that Bank officials pressured the Board to repeat the bidding process – which the Board did, three times. PWC's ranking improved each time. PWC ultimately "won" in the fourth round and was awarded the contract. In each round of bidding, the World Bank raised objections to the Board's evaluation criteria and prescribed new criteria.*

*Parivartan charged that the criteria were clearly altered in PWC's favor. The World Bank's country director for India denied this charge in a letter to Parivartan but did not address any of the substantive issues raised by Parivartan (World Bank, 2005). No further action has been taken on this case.*

Some other abuses are more explicit. For example, if an agency privately opens the bid documents prior to the submission deadline and then releases information on those bids to a favored vendor that has not yet submitted a bid, that vendor has an unfair advantage over other bidders.

Further, officials overseeing the procurement process can abuse their powers of discretion. Whereas specifications for common goods with well-publicized prices (such as personal computers) can set clear requirements that are simple to measure objectively, specifications for specialized goods (such as medical equipment) or services may give those evaluating the bids more flexibility to use non-objective criteria in making their decision. This creates the potential for abuse (see Box 2).

Some abuses can occur during procurements that are not the agency's fault. For example, even if an agency follows its procurement procedures diligently, suppliers may engage in corrupt bidding practices such as price-rigging and market-sharing agreements. In price-rigging, all prospective suppliers agree to bid at a certain price (typically, higher than the prevalent market rate), then one of them bids at a slightly lower rate, winning the contract at a price well above normal. Under market-sharing agreements, a cabal of suppliers divides the market among itself and designates a single supplier to be the dominant contractor in each region (or for a specific agency or business cycle).

## **Purchase Orders**

Purchase orders are forms that the agency seeking to make the purchase completes and forwards to the vendor prior to the delivery of the goods or services. A purchase order normally contains a unique purchase order number, shipping date, billing address, shipping address, and order terms. Often it also contains details on the goods/services required by the purchasing entity, including the quantity and specifications (quality, model, etc.). The purchase order can also specify a purchase rate for each good or service.

After the supplier delivers the requested goods/services, the purchasing entity can use the purchase order to check whether the proper items were supplied and the proper rate of payment was billed.

Purchase orders protect suppliers as well as buyers against fraud and error. If the agency refuses to accept the goods/services it ordered, the supplier can use the purchase order as a legal document to institute proceedings for any losses incurred.

### **Inspection Reports**

Before accepting delivery of goods/services, the agency making a purchase may designate its own technical experts to inspect the goods/services to ensure that they meet its requirements. The experts may be required to fill out an inspection report, which would record any discrepancies between what the agency ordered and what was delivered. Deductions from the final payment may also be made by the government agency for (1) delays in shipment, (2) delivery of sub-standard goods/services, and (3) failure to meet purchase order specifications.

### **Accounts Payable**

After the supplier sends a shipment of goods/services to an agency, the supplier will draw up an invoice (or bill) indicating the total amount due. The invoice, much like the purchase order, will contain information on the quality and technical specifications of each good/service supplied, along with the quantity and rate for each good/service. An invoice will usually contain its own unique number but may also reference the appropriate purchase order number.

After receiving an invoice, the agency will record the invoice in accounting documents as “accounts payable.” Subsequently, the agency that has purchased the goods/services will pay the vendor and clear the account.

While this process might appear straightforward, it is not always seamless. Most agencies procure hundreds of items from dozens of suppliers throughout the year; if they do not follow a clear set of procedures for recording purchases and authorizing payments, they can very easily fail to pay amounts due or can make duplicate payments as a result of error or fraud. Late payments impose a particularly heavy burden on smaller suppliers, which do not have large reserves.

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## Chapter 7:

# Case Studies of Successful Civil Initiatives to Monitor Procurement

This chapter examines an innovative methodology employed by a non-governmental organization in the Philippines, Procurement Watch Inc., to analyze procurement documents and hold government agencies accountable for their procurement transactions. It then discusses the techniques used by a large civil society coalition in the Philippines that cooperated with the government to monitor the procurement and delivery of textbooks for schoolchildren.

## 1. Procurement Watch Inc. Specializes in Monitoring Public Procurement in the Philippines

### ORGANIZATIONAL PROFILE

*In 2001, a group of individuals determined to fight corruption in government procurement in the Philippines established Procurement Watch Inc. (PWI) as a non-governmental organization to advocate for a new procurement law and to monitor enforcement of the law after it was enacted. In 2003, PWI's advocacy efforts assisted passage by the national legislature of a new procurement law – perhaps the first time in the country's history that a civil society group successfully advocated for a law on a subject that required a high degree of technical expertise. Currently, PWI conducts a wide variety of capacity-building activities with different groups and individuals, including anti-corruption officials, agencies involved in large procurements, civil society organizations, and private citizens.*

## a. Introduction

When PWI was created in 2001, procurements laws in the Philippines governing public infrastructure projects were confusing, and there were no laws governing the procurement of office goods and supplies. The government could change procurement practices for these commodities simply by issuing an executive order.

Some members of PWI's governing board were also members of a government task force created to examine procurement reforms and draft a new law on procurement. Drawing on these connections, PWI became involved with the task force activities and established itself as a non-governmental procurement expert. Over the next two years, PWI led a civil society campaign to mobilize public opinion in support of procurement reform. In 2003, PWI's advocacy efforts supported passage by the national legislature of a new procurement law.

The new law specifies clear, simple “pass/fail” non-discretionary criteria that are to be used during the evaluation of bids to make the procurement process more corruption-resistant and efficient. The new law also provides for criminal and administrative sanctions against procurement officials and bidders who violate the law. In addition, it empowers civil society monitors to file reports on deviations from the mandated procurement process with government “Ombuds,” whose mission includes preventing and investigating government corruption and prosecuting corrupt officials.

## b. Methodology

PWI's most recent initiative has been to develop Differential Expenditure Efficiency Measurement (DEEM), a tool to measure corruption and inefficiency in public procurement. PWI has tested DEEM by collaborating with the government's internal audit agency, which agreed to provide PWI with access to procurement documents maintained by the agencies it was auditing.

PWI begins this process by examining all government documents produced at each stage of a completed procurement transaction. PWI staff enter data from these documents into ten forms that collect relevant

information about the procurement. Each form covers a specific stage of the procurement process:

- The first form provides an overview of the transaction, including information on the check issued in payment of an invoice (its number, date, and amount) and the corresponding disbursement voucher. It also provides information on the officials who authorized payment for the procurement, including their names and titles.
- The second form describes the items that were procured and summarizes the information pertaining to that procurement that is available from the government.
- The third form addresses the purchase request form, providing the form number, date, requesting department/section/person, requested items, estimated costs, purpose, authorized signatures, etc.
- The fourth form addresses the purchase order, including the question of whether this information is consistent with the information provided in the purchase request form and the corresponding disbursement (payment) voucher. The form also collects information on the supplier of the goods/services.
- The fifth form collects information on the invoice and prompts the person assessing the procurement to check whether it is consistent with the information in the disbursement voucher and purchase order and whether it has been duly signed by the appropriate officials.
- The remaining forms cover other stages of the procurement, including the pre-bidding process, the assessment of bids received, and the inspection reporting process. The forms allow for the collection of other potentially pertinent information, on such topics as annual procurement plans and the minutes of meetings held regarding the procurement.

PWI then analyzes the summary sheets to identify inconsistencies and other potential irregularities in the procurement process. For example:

1. Is the purchase request form dated after the purchase order form?
2. Does the purchase order form show a higher cost for a procured item than the bid document does?
3. Does the payment invoice show a higher amount paid to a vendor than the purchase order does?
4. Does the purchase order contain a different quantity of items than the payment invoice does?
5. Is the delivery date (as recorded in the goods inspection and acceptance form) the same as the date mentioned in the contract or purchase order, and is any delay accounted for?

Through this assessment, PWI can uncover inconsistencies that merit further investigation. For example, if a purchase order is dated before or only a few days after the bids were due, that may indicate an irregularity in the procurement process requiring explanation by officials, since it would normally take several weeks for a purchase order to be created after the bids are evaluated and the winner selected.

DEEM also allows reviewers to compare the price paid for a good or service with its fair market value. The degree to which the amount paid by government exceeds an item's true cost is a reasonably objective measure of the extent of corruption or inefficiency. This enables PWI to go beyond making anecdotal claims of problems and provide specific, concrete evidence of them.

## c. Results Achieved

### **Successes**

During its pilot test of DEEM at a government hospital, PWI achieved important results. Investigators found a certificate signed by a hospital official justifying a contract with a particular company on the grounds that it was the only company that could make good-quality Vitamin C available to the hospital. Given the number of Vitamin C brands available in the Philippines, this claim is doubtful. Had the contract been bid out, the hospital would likely have saved money, since the Vitamin C brand provided by the selected vendor is one of the most expensive on the market (Magalit, 2006).

PWI is now conducting a wide variety of activities with different groups and individuals, including the Ombuds, government agencies involved in large procurements, civil society organizations, and private citizens. PWI has a particularly close relationship with the national Ombuds. It conducts training sessions on the new procurement law for Ombuds staff and has helped them publicize information on procurement laws. It has also created a mechanism to respond to information from procurement observers about potential fraud and abuse. As many citizens prefer not to contact government officials with complaints themselves (due to the fear of harassment from corrupt officials), PWI serves as a critical link between citizens and the Ombuds.

PWI has also developed partnerships with government agencies to study systems for soliciting proposals and evaluating bids and awards. As part of this process, PWI conducts diagnostic exercises on the activities of the bid evaluation committees of various agencies. PWI also conducts workshops and conferences on the national procurement law, develops research papers on the subject, and provides technical assistance to the government on best practices in procurement procedures.

PWI's efforts have helped establish systems that allow citizens not only to sit as observers on government bid and award committees but also to act as monitors to ensure that contractors comply with their contracts. However, PWI estimates that of the 8,000 trained monitors that are needed throughout the Philippines only 800 exist. PWI has therefore embarked on a national effort to train new monitors.

## **Challenges**

Any organization interested in using DEEM should take into consideration the five challenges PWI faced in implementing this methodology. They are:

- The detailed checks for inconsistencies that are conducted under DEEM may be of limited use in monitoring agencies whose procurement systems do not follow specific rules and regulations under a procurement law.

- An organization must have access to all (or most) procurement documents maintained by an agency during a procurement process. Even if agencies maintain this information, it may not be easily accessible.
- An organization wishing to use DEEM may need to collaborate with the audit agency (and time its investigation according to the audit's schedule) in order to obtain audit documents that contain information unavailable through the procuring agency. PWI did this during its pilot test of the DEEM methodology.
- PWI found that the agencies most likely to have irregularities in their procurement processes are *least* likely to cooperate with a procurement-related investigation.
- While a payment invoice will tell the actual cost paid for a good/service, the true market cost may be much more difficult to obtain. Very little information on market costs may be available in many countries, or other factors may prevent a non-governmental organization from obtaining or using information on actual costs. For example, there may not be any records of an item's true cost at the time the procurement was conducted, or vendors may be reluctant to disclose information on the true cost. Also, the good/service procured by an agency may have technical specifications that make the transaction unique, which would give officials wide discretion when setting the price.

*Information on PWI can be obtained from the organization's website, <http://www.procurementwatch.org.ph/>.*

## 2. G-Watch Monitors Textbook Procurements in the Philippines

This case study discusses the participatory techniques used by a large civil society coalition in the Philippines that cooperates with the government to monitor the procurement and delivery of school textbooks. The campaign relies on the work of thousands of citizen-volunteers.

## ORGANIZATIONAL PROFILE

*Government Watch (“G-Watch”), an anti-corruption initiative of the Ateneo School of Government in the Philippines, tracks public expenditures and monitors implementation of government programs in order to help agencies prevent corruption. Since its creation in 2000, G-Watch has monitored textbook deliveries, school building construction, public works, drug procurement, and disaster relief distribution. It has just three full-time staff but partners with civil society organizations throughout the country in budget monitoring activities.*

### a. Introduction

In the 1990s, the education sector in the Philippines faced a major crisis. The Department of Education, responsible for delivering education services to approximately 18 million students, was accused of extensive corruption. Instances of corruption were especially severe in the procurement of textbooks. (Under Philippine law, schoolchildren are entitled to receive free textbooks from the government.)

At least three forms of corruption were suspected: officials were awarding overpriced contracts to unqualified bidders, suppliers were not honoring their contracts (many textbooks remained undelivered even after the government had paid for them), and some vendors were providing books of poor quality (OECD, 2006).

In 2003, after a newly elected government appointed a new head of the Department of Education, the department instituted an anti-corruption “Textbook Count Program” featuring collaboration with a number of civil society organizations, led by G-Watch. They have worked with the department to monitor the procurement and supply of more than one million school textbooks each year.

The Textbook Count Program has achieved a high degree of civil society participation, including the National Citizen’s Movement for Free Elections (an NGO that monitors the country’s electoral process

and has more than 250,000 members), the Transparency and Accountability Network (a network of 24 groups that focuses on transparency and accountability issues), the Boy Scouts and Girl Scouts, and a number of faith-based organizations.

## b. Methodology

Civil society's role in the Textbook Count Program has focused on monitoring the bidding process, the production of textbooks, and their delivery. The description below draws on a 2006 G-Watch report that analyzed the program's efforts the previous year (Government Watch, 2006).

### **i. Monitoring the Bidding Process**

The monitoring program began with the Department of Education's solicitation and assessment of bids. G-Watch observed all stages of the bidding process, including the pre-bid conference, the opening of tenders and the evaluation of their content, pre-award deliberations, and the issuance of contracts. Volunteers examined whether those submitting bids had complied with all bidding requirements, such as demonstrating that they met all financial and technical eligibility criteria.

### **ii. Inspection of Textbooks at Printing Presses and Warehouses**

After the contracts were awarded to three private suppliers, the Department of Education set up a quality inspection team comprised of both department officials and civil society representatives.

G-Watch helped the department organize a training seminar for team members, which covered such issues as the book production and printing process, typical defects that occur during printing and how to detect them, and how to inspect production plants. Participants were taken to a printing press to practice the inspection process.

The team then visited each supplier's printing presses and warehouses during the printing, binding, and packing stages to check that the contract specifications were being met. Visits were generally announced only on the day the visit was conducted. Each inspection team was provided with a checklist of issues to verify (such as whether the books

were properly bound) and was required to spot-check roughly 10 percent of the available stock. Vendors were informed of any deficiencies and required to take corrective action, which was subsequently verified in a followup visit.

### **iii. Monitoring the Delivery and Distribution of Textbooks**

Monitoring textbook delivery and distribution was by far the most challenging aspect of the Textbook Count Program. Nearly 6,000 volunteers from civil society groups joined in a massive, nationwide effort over the four months during which textbooks were delivered to 4,800 locations.

Previously, textbook suppliers had been provided with a general timeframe (approximately 150 days) in which to make their deliveries. Delivery delays were frequent. Under the Textbook Count Program, in contrast, the Department of Education asserted itself: suppliers were required to synchronize their delivery schedules so civil society volunteers could witness the deliveries. Their presence put significant pressure on suppliers to conform to the new delivery schedule.

The department sent G-Watch a list of the locations where textbooks would be delivered, the number to be delivered, and a delivery timetable. In return, G-Watch sent the department – as well as the suppliers – a list of the names of monitors who would be present at each delivery point.

G-Watch helped prepare materials for volunteers, including: (1) a list of monitors' duties, (2) a blank report to be filled out after deliveries were made, (3) guidelines on the delivery and inspection process, and (4) an identity card. It also held orientation workshops with the department to familiarize participants with the delivery process and their duties as monitors.

Despite the advance preparations, delays in the delivery process caused confusion and frustration for a number of monitors; delays occurred in roughly one-third of the locations. As a result, in some cases monitors did not check the deliveries.

## c. Results Achieved

### Successes

*i. Bidding Process Became Competitive:* The entire bidding process took nine months, and final contracts were issued for approximately 108 million Philippines Pesos (US \$2.2 million). G-Watch estimates that the use of transparent and competitive practices cut the average unit price of a textbook in half, resulting in savings of approximately 68.5 million Philippines Pesos (US \$1.4 million).

*ii. Defective Books Were Identified and Replaced:* Civil society members participated in 19 of the 25 inspection visits undertaken by the quality inspection team. During these visits, approximately 165,000 textbooks were inspected, 13 percent of the total number procured. The inspections led to the repair or replacement of approximately 62,000 defective textbooks, worth approximately 3 million Philippines Pesos (US \$61,000).

*iii. Delivery of Textbooks to Schools Improved:* G-Watch estimates that civil society monitors were present at approximately 76 percent of the delivery sites and checked the delivery of approximately 767,000 textbooks costing approximately 47 million Philippines Pesos (or US \$1 million). G-Watch estimates that before it began monitoring textbook deliveries, 40 percent of books due to schools were not delivered; this percentage has fallen significantly as a result of the Textbook Count Program, G-Watch believes.

### Challenges

After the monitoring process was completed, G-Watch and the Department of Education organized two evaluation workshops to identify shortcomings in the process that need to be overcome.

*i. Delays Due To Sub-Contracting of Deliveries:* A major cause of delivery delays was lack of communication between the vendors and the delivery agencies to which they had subcontracted the deliveries. It was recommended that in subsequent procurements, the Department of Education require vendors to submit the names and technical capacity statements of any subcontractors that are to be hired to deliver textbooks.

*ii. Inadequate Reporting of Poor Quality Textbooks:* Due to the sheer number of textbooks supplied, monitors could check only a sample for quality purposes. G-Watch and its partner organizations received many complaints that poor-quality textbooks had been supplied, but few of these complaints reached the Department of Education. G-Watch traces the problem to the fact that end-users – including school principals and teachers – have yet to develop a culture in which they demand accountability from vendors.

*iii. Deliveries to Primary Schools Remain a Problem:* Only limited funding is available in the Department of Education to support the delivery of textbooks to rural schools – and this hampers the supply process. District education offices are responsible for distributing textbooks to individual primary schools, but due to a paucity of funds, they have begun to rely on a private firm, Coca Cola, to make deliveries to approximately 8,400 remote rural schools at the same time Coke deliveries are made. Critics charge that Coke is harmful to children and the company should not be involved. Moreover, Coca Cola itself has had trouble making deliveries as intended. Civil society monitors, particularly the Boy Scouts and Girl Scouts, suggested a separate campaign should be undertaken to obtain monitors specifically to assist with deliveries to rural schools.

*Information on the Textbook Count Project can be obtained from G-Watch's website, <http://www.g-watch.org>.*

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# Chapter 8: Other Successful Initiatives to Monitor Public Procurement

This chapter presents two additional case studies on successful civil society projects to monitor government procurements. The first describes Transparency International’s successes in using an “integrity pact” to curb corruption. The second describes the achievements of the group Namys in Kazakhstan in monitoring programs for the disabled.

## 1. Transparency International Uses Integrity Pacts to Curb Procurement Corruption

Transparency International (TI) is a global network of more than 90 locally established national chapters that fight corruption in the national arena and promote transparency in elections, public administration, procurement, and business. TI also runs advocacy campaigns in support of anti-corruption reforms at both the international and national levels.<sup>12</sup>

TI has developed the Integrity Pact to prevent corruption in public procurements. An agreement between a government agency initiating a procurement contract and all bidders for the contract, an Integrity Pact forbids any of the parties to offer or demand bribes. Bidders also agree not to collude in order to obtain the contract and, if they do obtain the contract, to avoid abusive practices while executing it. Any entity that violates these terms is liable to sanctions, which could include loss of the contract and of any advance monies paid. Violators also are likely to be blacklisted from future government contracts.

An independent third party – in most cases, the TI national chapter – participates in the bidding process. TI reviews the adequacy of the publicity the government provides to the bids, hires an expert on the good/service being procured to review the bid documents, and reviews the procurement committee’s decision. This increases participants’ confidence in the process.

In these ways the Integrity Pact helps establish a level playing field for all bidders and enables governments to reduce costly procurement-related corruption. A detailed description of Integrity Pacts, their applications, and the current uses of the pacts is available in a TI publication, available at [http://www.transparency.org/content/download/2012/12184/file/i\\_pact.pdf](http://www.transparency.org/content/download/2012/12184/file/i_pact.pdf).

TI chapters around the world have used Integrity Pacts successfully. In Mexico, for example, the Federal Electricity Commission attempted to improve its poor image by accepting an offer from Transparencia Mexicana (TI-M) to use an Integrity Pact during the procurement for construction of a hydroelectric plant. TI-M appointed an expert to oversee the pact, and each bidder was required to agree to its terms.

TI-M also met with each bidder before the procurement began and asked if it had concerns about irregularities in the procurement process. Most replied that they suspected the bid-evaluation process would be unfair. In the end, however, TI-M received no complaints from bidders about the process. TI-M is building on this success by undertaking similar activities with other agencies.

*Information on TI can be obtained from the organization’s website, <http://www.transparency.org/>.*

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<sup>12</sup> This case study draws heavily from Transparency International, “Corruption in Construction and Post-Conflict Reconstruction.”

## 2. Namys Monitors Procurement Expenditures on the Disabled in Kazakhstan

In Kazakhstan, the non-governmental organization Namys (“Conscience”) advocates for the rights of disabled persons. Namys registered as a non-profit in 2002 and operates with a relatively small (12 full-time) staff, though it also relies on approximately 70 volunteers.

Initially, Namys focused its attention on advocating for a law that recognized the rights of disabled persons and established programs to provide rehabilitative services. In 2003, the government proposed a regressive law that would represent a return to the old Soviet policy of essentially blaming the disabled for their condition. Namys launched an aggressive campaign to influence this proposal: it held a number of events to protest the law, submitted petitions to the president outlining its concerns, and organized media events to publicize its demand for improvements. These efforts paid off when the government accepted some of Namys’s main provisions, such as by placing clear responsibility on public agencies to protect the rights of disabled persons.

Namys next focused on analyzing the funds allocated to public agencies to help disabled persons to ensure that they were used appropriately. It initiated its monitoring activities as part of a broad coalition that included more than 30 non-governmental organizations supporting disabled persons from all over the country.

Initially, Namys monitored the budget for disabled persons in the Almaty province in southeastern Kazakhstan. Namys uncovered several irregularities in the execution of programs for disabled persons, particularly in the procurement of goods and services. The group documented these findings in a report to the government.

For example, Namys found that a program under which the city of Almaty provides new wheelchairs to 250 disabled persons every year was procuring wheelchairs of a very poor quality. This was not con-

sidered illegal, since low price was the main procurement criterion. Namys brought this issue to the attention of the mayor, who responded by appointing a disabled person to serve on the board assembled to manage wheelchair procurement. The next year, this person tested sample wheelchairs from bidders and made a recommendation. Further, procurement rules were changed to include quality as a criterion.

To expand on its successes, Namys is planning new monitoring activities in other regions of Kazakhstan, in coordination with local partners. It has established a network (consisting of members of the national legislature, media outlets, and regional authorities) to monitor the various budgets and programs created for disabled persons and will oversee this network. Further, Namys is planning to set up an information clearinghouse that will provide information on programs and budgets for disabled persons, along with information on techniques that interested persons can use to monitor these budgets.

*Information on Namys can be obtained from the organization's website at [www.invalid.kz](http://www.invalid.kz) and [www.namys.os.kz](http://www.namys.os.kz).*